

AMENDED IN SENATE JULY 14, 2005

AMENDED IN ASSEMBLY MAY 2, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

## ASSEMBLY BILL

**No. 67**

**Introduced by Assembly Member Levine**

December 21, 2004

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An act to add Section 747 to the Public Utilities Code, relating to ~~electricity~~ *energy*.

### LEGISLATIVE COUNSEL'S DIGEST

AB 67, as amended, Levine. ~~Electricity~~: *Energy*: rates: report to Legislature.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations *and gas corporations, as defined*. *Under existing law, a public utility has a duty to serve, including furnishing and maintaining adequate, efficient, just and reasonable service, instrumentalities, equipment, and facilities as are necessary to promote the safety, health, comfort, and convenience of its patrons and the public.* Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable.

~~Existing law authorized the Department of Water Resources, until January 1, 2003, to enter into contracts for the purchase of electricity, and to sell electricity to retail end-use customers and, with specified exceptions, local publicly owned electric utilities, at not more than the department's acquisition costs and to recovery those costs through the issuance of bonds, to be repaid by ratepayers.~~

This bill would require the *president of the* commission to *annually* report to the *appropriate policy committees of the* Legislature, ~~by June~~

~~1, 2006, and by June 1 of each year thereafter, a 10-year forecast for the different aspects and elements of electricity rates for each class of ratepayers, meeting specified requirements, for each electrical corporation. The bill would require the commission to use the forecasts to develop policies that reduce, and eventually eliminate, fixed costs for bond debt incurred by the Department of Water Resources for power purchase contracts and stranded costs inherent in electricity rates for all classes. The bill would require the commission to ensure that reductions created by retiring debt or expiring costs are not replaced by other utility costs, new public goods programs, or increased costs of existing public goods programs on the costs of programs and activities conducted by each electrical corporation and gas corporation, including activities conducted to comply with their duty to serve.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 747 is added to the Public Utilities  
2 Code, to read:  
3 747. (a) ~~Notwithstanding Section 7550.5 of the Government~~  
4 ~~Code, the commission shall report to the Legislature, by June 1,~~  
5 ~~2006, and by June 1 of each year thereafter, a 10-year forecast for~~  
6 ~~the different aspects and elements of electricity rates for each~~  
7 ~~class of ratepayers, for each electrical corporation. To perform~~  
8 ~~these forecasts, the commission may require submission of pro~~  
9 ~~forma analyses, debt retirement schedules, amortization~~  
10 ~~schedules, wholesale energy cost projections, resource plans,~~  
11 ~~market assessments, and related outlooks from electrical~~  
12 ~~corporations, gas corporations, and energy market participants.~~  
13 ~~The yearly reports beginning June 1, 2007, shall include a~~  
14 ~~detailed description of any changes in projections or assumptions~~  
15 ~~that may be different from the previous year's forecast. For~~  
16 ~~purposes of this subdivision, "energy market participants"~~  
17 ~~includes any entity that is a "market participant" as defined in the~~  
18 ~~Master Definitions Supplement of the California Independent~~  
19 ~~System Operator Corporation tariff approved by the Federal~~  
20 ~~Energy Regulatory Commission or its successor, and the~~

~~Independent System Operator incorporated pursuant to Section 340.~~

~~(b) In developing the forecasts prepared pursuant to subdivision (a), the commission shall do all of the following:~~

~~(1) Provide detailed quantitative and descriptive information about the elements of electricity rates, including timelines.~~

~~(2) Develop and maintain the analytical capability sufficient to answer inquiries about electricity rates from government, market participants, and the public.~~

~~(3) Analyze and develop ratemaking policies.~~

~~(4) Provide an analytical foundation for regulatory and policy decisionmaking.~~

~~(5) Facilitate efficient and reliable electricity markets.~~

~~(e) The commission shall use the 10-year forecasts to develop policies that reduce, and eventually eliminate, fixed costs for bond debt incurred pursuant to Division 27 (commencing with Section 80000) of the Water Code and stranded costs inherent in electricity rates for all classes. The commission shall ensure that reductions created by retiring debt or expiring costs are not replaced by other utility costs, new public goods programs, or increased costs of existing public goods programs. It is the intent of the Legislature that the commission reduce rates for electricity and natural gas to the lowest amount possible while maintaining adequate service.~~

~~(b) The president of the commission shall annually appear before the appropriate policy committees of the Senate and Assembly to report on the costs of programs and activities conducted by each electrical corporation and gas corporation, including activities conducted to comply with their duty to serve. The report shall identify, clearly and concisely, all of the following:~~

~~(1) Each program or activity mandated by statute and its annual cost to ratepayers.~~

~~(2) Each program or activity mandated by the commission and its annual cost to ratepayers.~~

~~(3) Electricity purchase contract costs and bond-related costs incurred pursuant to Division 27 (commencing with Section 80000) of the Water Code.~~

- 1     *(4) All other aggregated categories of costs currently*
- 2     *recovered in retail rates.*

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